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SUMMARY

AT&T supports efforts to expand consumer choice in the selection of long distance carriers when the benefits exceed the costs. Billed Party Preference ("BPP") is an appealing concept, but it would not increase consumer benefits. The FNPRM's cost/benefit analysis contains many errors and omissions. When these mistakes are corrected, it is clear that BPP's costs would outweigh its benefits by \$150 - \$350 million annually for interLATA calls, even in the unlikely event that BPP's annual costs do not increase above the \$420 million forecast. Most fundamentally, the problems BPP was designed to prevent have already been addressed effectively by activity in the marketplace and the regulatory arena. Thus, BPP at any cost may no longer be beneficial as a means of consumer protection.

As shown in detail below, contrary to the FNPRM's assumption, BPP could not save consumers \$280 million by enabling them to avoid the "highest-priced" interLATA operator services after 1997. The FNPRM's analysis employs an unrealistically high growth rate for the operator services industry, and it therefore overstates the possible savings by \$52 million. In addition, the FNPRM incorrectly assumes that the average revenue per minute for all Third Tier OSPs would not decrease if the "highest priced" OSPs lost one-third of the Third Tier OSPs' market share by 1997.

This, in turn, creates an additional error of as much as \$76 million. Moreover, most of these projected "benefits" can be achieved more quickly, and at much lower expense, through the continuation of marketplace activities already begun by carriers, and by aggressive enforcement of TOCSIA and related regulations.

The FNPRM also erroneously assumes that consumers would realize \$340 million in benefits because BPP would eliminate OSPs' commission payments to aggregators. First, as noted above, the incorrect growth rate used by the FNPRM substantially overstates the size of the "away from home" marketplace as of 1997. Next, the FNPRM ignores the economic significance of its own acknowledgment that aggregators have the ability to extract compensation from consumers even if BPP is adopted.

Indeed, the Commission has traditionally recognized that it is appropriate to compensate aggregators for their costs of making public telephone service available to consumers. Finally, the FNPRM ignores the inevitable economic costs OSPs will incur in "refocusing" their marketing efforts away from aggregators and toward consumers.

On the other hand, the FNPRM's estimate of \$420 million in BPP costs is unreasonably low. The FNPRM fails to include at least \$120 million in LEC non-recurring costs, and LEC costs for BPP are likely to increase as the details of the BPP concept are refined and implemented in

the final service design. Moreover, the FNPRM ignores a number of BPP-related costs, including LEC overheads; the costs of equal access re-balloting and ongoing carrier change orders; the costs of implementing 14-digit screening for telephone line number ("TLN") based calling cards; and the costs of including commercial credit cards within BPP. In addition, the FNPRM overlooks the hundreds of millions of dollars that OSPs will be required to spend in the initial 0+ equal access marketing campaign, and significant costs associated with carrier assets and resources that would be stranded if OSPs were no longer able to process the front end of 0+ calls. All of these costs must be taken into consideration before the Commission makes a final decision on BPP.

If the Commission nevertheless decides to adopt BPP, this concept would only be effective if it incorporated a number of additional requirements. In particular, BPP should not be adopted unless it applies to all "0" dialed calls from all telephones, including intraLATA calls, and BPP's costs should only be recovered from calls that use this new capability. Moreover, contrary to the assertions of some LECs, 14-digit screening of TLN-based cards would be necessary to assure that consumers could effectively exercise their choices under BPP.

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¹ Various proposals similar to BPP have been before the Commission since 1987. See Petition of the Ameritech Companies for Amendment of Part 69 of the Rules to Enable Exchange Access Dial "0" Services to be Provided by Local Exchange Carriers, RM-6113, filed August 7, 1987, dismissed as moot, FCC 90-5, released January 9, 1990.

provider ("OSP") selected by the party to be billed for the call.²

The FNPRM (¶ 2) tentatively concludes that BPP, "if implemented within the parameters described, would serve the public interest." However, the FNPRM (id.) also recognizes the indisputable fact that BPP is "an expensive technology," and it finds that the record is stale on a number of important issues, especially the critical issue of costs. Moreover, the FNPRM (id.) states that the Commission will mandate BPP "only if we conclude that . . . [BPP's] benefits outweigh its costs and that these benefits cannot be achieved through alternative, less costly measures." Therefore, the FNPRM requests parties to submit updated cost data, and it seeks comments on an extensive list of BPP-related issues, especially its analysis of the anticipated costs and benefits of BPP.

AT&T supports efforts to give customers more choice and control in their use of long distance services, provided that such capabilities offer benefits to customers. However, as demonstrated in Part I below, BPP's costs would far outweigh any benefits it could produce, and almost all

² See FNPRM, ¶ 5. In the current proposed version of BPP, interLATA calls billed to a calling card would be carried by the OSP chosen by the cardholder, collect calls would be carried by the OSP chosen by the called party, and billed to third number calls would be carried by the OSP chosen by the party responsible for the billed number.

of the benefits anticipated from BPP can be (or have been) achieved more readily through other means. In addition, Part II shows that BPP would not effectively enhance the Commission's goals for competition in the overall telecommunications marketplace. Therefore, the BPP proposal in the FNPRM would not serve the public interest and should not be adopted. If, however, the Commission were to adopt some form of BPP, Part III describes several additional requirements that should be incorporated into the final service design.

ARGUMENT

I. THE FNPRM'S COST-BENEFIT ANALYSIS IS FLAWED. A CORRECTED VERSION OF THAT ANALYSIS DEMONSTRATES THAT BPP WOULD NOT SERVE THE PUBLIC INTEREST.

The Commission has expressly stated (§ 2) that it will not adopt BPP unless it is affirmatively shown that BPP's benefits will outweigh its costs, and that BPP's benefits cannot be achieved through more cost-effective means. The analysis presented in the FNPRM tentatively calculates annual interLATA BPP "benefits" totaling \$620 million and BPP "costs" totaling \$420 million.

On inspection, however, it is clear that the FNPRM incorporates many errors and logical inconsistencies which significantly overvalue the benefits of BPP, and that most of BPP's projected benefits could be obtained through much less costly means. In addition, the FNPRM's analysis omits

a number of expenses attributable to BPP, thereby understating BPP's full costs. Even assuming the FNPRM's current cost level, however, when these costs are compared to the actual benefits of BPP, they show a negative impact of about \$150 million to \$350 million annually for interLATA calls. Thus, BPP would not meet the Commission's own criteria, and it should not be adopted.

A. The Projected Financial Benefits of BPP Are Significantly Overstated.

The FNPRM projects two types of benefits from the adoption of BPP. First (§ 11), it anticipates that BPP would save consumers about \$280 million annually by enabling them to avoid the services of "the highest-priced OSPs" on interLATA calls. Next (§ 12), it projects that BPP will eliminate OSPs' commission payments to aggregators and thereby benefit consumers in the amount of \$340 million annually. These estimates are significantly overstated. In fact, consumers might save as little as \$152 million annually by avoiding the "highest-priced" OSPs. Moreover, the reduction in OSP commission expense would result in a maximum consumer benefit of only \$45 million, and it could lead to a net consumer loss of over \$85 million.

1. **The Projected Savings from Consumers' Avoidance of the "Highest-Priced OSPs" Are Based Upon Erroneous Data and Unsupported Assumptions.**

The FNPRM (§ 11) assumes that if BPP were implemented, "customers could save approximately \$280 million per year by avoiding the highest-priced OSPs." Because of substantial errors in the FNPRM's analysis, this amount is overstated by at least \$52 million, and it could be overstated by as much as an additional \$76 million.

The FNPRM's analysis (n.24) applies an annual OSP growth rate of 4.3% for the period 1991-1997. This estimate is based upon historical growth rates for the entire toll marketplace during 1984-92, a time of explosive growth in the interexchange industry. Recent experience in the operator services business shows that a 4.3% growth rate is not appropriate for purposes of the BPP analysis.

Since 1991, AT&T's estimates indicate that the actual industry-wide growth rate for all operator services has averaged only 0.63%. Even applying this rate is conservative for the instant purposes, however, because there has been negative growth during 1993 and 1994.³ This

³ AT&T's industry analysis indicates that the actual interLATA (combined interstate and intrastate) growth rates are as follows:

low growth rate is consistent with the expansion of wireless services, which allow users to place sent-paid (rather than 0+) calls from wireless phones.⁴ As shown in Attachment A, application of this growth rate means that BPP could not save consumers more than \$228 million annually on interLATA calls. Thus, the FNPRM's error overstates the amount of "excess" OSP charges by \$52 million.

The FNPRM (n.24) also assumes that the average prices of all Third Tier OSPs would exceed the prices of the largest OSPs by \$.19 per minute, even after the "highest priced" OSPs sustain a one-third market share loss by 1997. This assumption is not supportable, and it overstates the benefits of BPP by as much as an additional \$76 million.

The FNPRM (id.) assumes that the average revenue per minute ("ARPM") of all Third Tier OSPs is \$0.53.⁵ If

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1992:	3.55%
1993:	(0.24%)
1994 (projected based upon actual results through May, 1994):	(1.432%)

⁴ An AT&T market research study conducted in 1992 showed that customers who use cellular phones significantly reduced their use of calling card services. This trend could increase substantially as additional wireless services, e.g., Enhanced Specialized Mobile Radio and Personal Communication Service, are brought to market over the next several years.

⁵ The source the FNPRM relies upon for its data expressly states that an ARPM for all but a few "sample" OSPs "could not be estimated using available data" (Final

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this is true, then some OSPs must charge more than the average and some less. AT&T estimates that approximately 40% of Third Tier OSP minutes are provided by carriers who charge rates similar to those of the largest OSPs.⁶ Consequently, as shown in Attachment A, the remaining OSPs (the "highest priced" OSPs) must charge an ARPM of \$0.6567.

The FNPRM (n.24) further assumes that the "highest priced" OSPs will lose one-third of the total Third Tier OSP market share by 1997.⁷ However, it ignores an important implication of this assumption, i.e., that reducing the number of the "highest priced" OSP minutes lowers the ARPM

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Report of the FCC Pursuant to the Telephone Operator Consumer Services Improvement Act of 1990, dated Nov. 13, 1992, Attachment N, Table 4) ("Table 4"). Thus, the FNPRM's assumption itself may be invalid.

- ⁶ The TOCSIA Report itself (Chart 5.B) shows that a number of larger Third Tier OSPs (e.g. LDDS, Wiltel) charge rates similar to those charged by the largest OSPs. This assumption implies that the "low priced" Third Tier OSPs receive approximately 25% of Third Tier OSP revenues and that the "high priced" carriers receive approximately 75% (see Attachment A).
- ⁷ All of the consumer savings forecast in this aspect of the FNPRM's model are based upon the assumption that consumers are ignorant and cannot determine how to access their chosen carrier. As shown below, marketplace actions (and results) call into question the FNPRM's assumption that consumers do not know how to reach their chosen carrier, as well as the assumption that the "highest priced" OSPs would lose only one-third of the Third Tier OSP market share by 1997. If consumers in fact abandon the highest priced OSPs at a faster rate, the value of this "benefit" would be reduced accordingly.

of all 1997 Third Tier OSP minutes. Attachment A demonstrates that this assumption lowers the ARPM for all 1997 Third Tier OSPs to \$0.4673, which in turn could reduce the possible interLATA savings of BPP by as much as an additional \$76 million. Thus, the interLATA consumer benefits of this aspect of BPP would not exceed \$228 million and could be as little as \$152 million.⁸

In all events, there are easier, faster and substantially less expensive ways to protect consumers from unreasonably high OSP rates -- as current market experience confirms. Over the past year, a number of OSPs, particularly AT&T and MCI, have begun to advertise heavily the availability of 800 numbers as access codes. Customer recognition and acceptance of such codes is growing at a significant pace. For example, AT&T's new "personal choice" card was issued with dialing instructions always to use an access code. The card contains no "dial 0+" instructions at all. In addition, consumer research studies show that awareness of access codes such as 1-800-OPERATOR, 1-800-CALL-ATT, and 1-800-COLLECT is well above 50%, and use of the 1-800-CALL-ATT number increased by 10% each month after its introduction by AT&T earlier this year. Moreover, an outside study conducted for AT&T and issued in January,

⁸ If the FNPRM's intraLATA exclusion were eliminated, the total benefit would range from \$200 million to \$299 million (see Attachment A).

1993 showed that AT&T retained over 30% of its prior revenues at public telephones after they were PIC'd away from AT&T, as a result of customer use of AT&T's access codes. Several other large OSPs, including MCI and Sprint, have relied almost exclusively on the use of access codes.

This information demonstrates that most consumers already know how to reach their chosen carriers and protect themselves against the "highest-priced" OSPs, and that they do not need -- and will not benefit from -- BPP. It is this market force -- the competitive pressure from "low priced" OSPs -- that is most likely to drive current "high priced" OSPs to reduce their rates in order to retain business.

There would, however, be added benefit from some regulatory oversight and intervention in this area. The Communications Act gives the Commission full authority to assure that all OSPs' rates are just and reasonable. Section 226(h)(1) requires all OSPs to file informational tariffs.⁹ Section 226(h)(2) specifically directs the Commission to review OSP informational filings to determine whether the rates appear just and reasonable. If they do not, the Commission is authorized by that section to require OSPs to substantiate their rates. Section 201 gives the Commission the authority to invalidate rates that, after a

⁹ The tariff filing requirements of Section 203 also apply to all IXC's, including OSPs. MCI Telecommunications Corp. v. AT&T, 114 Sup. Ct. 2223 (1994).

hearing, are found to be unreasonable, and Section 205 allows the Commission to prescribe just and reasonable rates in such cases. As a result, there is no need to impose the expense of BPP in order to assure that customers receive just and reasonable rates from OSPs.

In addition, continued enforcement of the unblocking requirements of TOCSIA and the Commission's Rules will continue to address consumer complaints about some OSPs. Unblocking assures that consumers have the ability to reach their carrier of choice at all times, and the Commission has already committed itself to "vigorous" enforcement of these requirements.¹⁰ By June 1997, the anticipated inception date for BPP, the Commission's Rules require all aggregator phones to be unblocked for all access codes, including 10XXX codes.¹¹ Thus, continuation of the

¹⁰ Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, Order on Reconsideration, 7 FCC Rcd. 4355, 4364 (1992) ("There is no reason to conclude that in the absence of the proposed [unblocking] reports [from aggregators], our enforcement procedures will be unable to ensure compliance with the unblocking rules, which we intend to enforce vigorously").

¹¹ 47 C.F.R. § 64.704(c)(5). The FNPRM (§ 10) states that "the likely replacement of 10XXX access codes with 101XXXX codes in 1995 may further confuse callers." This statement ignores that the Commission has also proposed a transition period of six years for the phasing out of the current five-digit codes. Administration of the North American Numbering Plan, 9 FCC Rcd. 2068, 2077 (1994). Thus, 10XXX codes would be available for customer use until at least the year 2001. In all events, carriers are now expending most of their marketing efforts to

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existing market and regulatory processes will provide nearly all of the benefits that BPP was originally intended to offer, at a faster rate and at a substantially lower cost than BPP.

**2. Customer Savings Resulting from Reduced
OSP Commission Expenses Would Not Exceed
\$45 Million.**

The FNPRM (§ 12) assumes that BPP would benefit consumers because it "would force OSPs to redirect their competitive efforts away from aggregators and toward end users," and because "BPP would almost certainly eliminate 0+ commissions and thus significantly reduce OSP costs, thereby offsetting a substantial portion of the costs of BPP itself." The FNPRM estimates the savings on interLATA 0+ commissions would amount to approximately \$340 million annually as of 1997. All of these commission "savings" are then treated as a "benefit" of BPP in the FNPRM's cost/benefit analysis.

The FNPRM's estimate of \$340 million in interLATA 0+ commissions as of 1997 is based upon several errors which, as shown in Attachment B, substantially exaggerate the consumer benefits that could result from BPP. First, as

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promote the use of 800 number access codes, which already work from all aggregator telephones.

demonstrated in Part I.A.1. above, the FNPRM uses an inappropriately high growth rate for the operator services industry. This appreciably overstates the amount of total OSP revenues as of 1997. After correcting for this error, the total 1997 revenues for all "away from home" OSP traffic would equal about \$6.334 billion, rather than the \$7.7 billion assumed in the FNPRM.¹² This, in turn, lowers total 1997 "away from home" 0+ revenues to \$3.167 billion.¹³

The FNPRM (n.25) further assumes that commissions on this 0+ traffic would average 12%. In order to be conservative, however, AT&T assumes an increase in the average commission rate to 14%, which would generate total 1997 commissions of \$443 million, including commissions on intraLATA calls.¹⁴ Even assuming the higher level of total commissions projected by AT&T, BPP would generate few, if any, actual benefits for consumers.

The practice of compensating aggregators arose long before there was competition in operator services, and

¹² See FNPRM, Appendix B.

¹³ The FNPRM (n.25) assumes that by 1997 half of all "away from home" OSP calls would be made on a dial around basis.

¹⁴ The exclusion of intraLATA "benefits" in this aspect of the FNPRM's analysis may be excessive. Therefore, in order to be conservative, and consistent with AT&T's view that BPP should apply to all intraLATA 0+ and 0- calls (see Part III.A., below), this aspect of AT&T's analysis includes all intraLATA benefits from BPP.

it will have to continue even if BPP is adopted. Contrary to the FNPRM's assumption (§ 12), even if BPP reduced OSPs' interest in paying commissions, it would not eliminate aggregators' need for -- and their ability to extract -- compensation for the services they provide. Indeed, the FNPRM (§ 13) itself recognizes that consumers "might not realize" all of the savings from reduced OSP commissions, because "some aggregators might seek to recover lost commission payments through direct surcharges on end users for telephone usage." Thus, it is clear that aggregators would have the ability to recoup "lost" commissions directly from end users, even if BPP were adopted.

In fact, aggregators incur many types of reasonable and necessary expenses in order to provide consumers with convenient access to "away from home" telephone services. For example, "hospitality" aggregators such as hotels, hospitals and universities must pay to own and/or operate the telephone sets and PBX equipment that is used to provide service at their locations. In addition, all location owners must provide space and pay for utilities and maintenance at their premises. Aggregators' receipt of compensation for such services is fully consistent with long-standing Commission policy.¹⁵ And assuring that these

¹⁵ See AT&T's Private Payphone Commission Plan, 3 FCC Rcd. 5834, 5836 (Com. Car. Bur. 1988), aff'd, 7 FCC Rcd. 7135 (1992) ("commissions have been traditionally treated as a business expense paid to compensate for the for the

aggregators retain the incentive to make telephones available to consumers is plainly in the public interest. Thus, it is reasonable to assume that most, if not all, current commission "costs" will continue to be incurred under BPP, in some form.¹⁶

In AT&T's experience, approximately 20% of commission payments are made to aggregators that are governmental or quasi-governmental entities. Unlike commercial ventures,¹⁷ these entities are not subject to ordinary commercial pressures. Therefore, these entities would be able to recoup most, if not all, of their "lost" commission revenues directly through the imposition of higher taxes and user fees. Assuming an 80% "recoupment" rate, consumers would return to aggregators about \$71 million of the projected \$443 million in OSP commission "savings" each year.¹⁸

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rental and maintenance of the space and for access to the telephone user") (italics added).

¹⁶ Indeed, the FNPRM (n.25) recognizes that compensation for one group of aggregators -- IPPs -- would have to double if BPP were adopted, but it unexplainably makes no allowance for any kind of compensation to any other aggregators who provide similar services to consumers.

¹⁷ See FNPRM, ¶ 13.

¹⁸ \$443 million x 20% x 80% = \$70.88 million

The remaining aggregator commissions are paid to commercial or private entities such as hotels, restaurants, private universities and other businesses that have aggregator telephones at their premises. Even if competitive pressures constrained those entities so that they could only recover about one-half of their "lost" commission revenues, it would reduce the amount of possible consumer "savings" by an additional \$177 million.¹⁹ In total, these recoupments would reduce the possible savings from BPP to \$195 million, before deducting the additional OSP marketing expenses that BPP would require.

Viewed from a different perspective, the data in Table 4 show that in 1991 aggregators received a total of \$500 million in commissions on a total base of \$6.1 billion in "away from home" revenues, an average compensation rate of 8.2%. If the average compensation rate for all "away from home" OSP revenues (including dial-around compensation to IPPs) were reduced to 6% after BPP, OSPs would only "save" \$63 million.²⁰ And even if aggregators' average compensation were reduced to 4% -- less than half the 1991 rate -- OSPs would only "save" \$190 million, before

¹⁹ $\$443 \text{ million} \times 80\% \times 50\% = \177.2 million . To the extent that these aggregators do not or cannot recover these costs under BPP, it would jeopardize the widespread availability of public telephone service that the Commission has long sought to preserve.

²⁰ See Attachment B.

incurring the additional marketing expenses BPP would require.²¹

It is also logically inconsistent for the FNPRM to assume that OSPs could use all of their reductions in commission expense to provide direct benefits to consumers. The commissions which OSPs pay to aggregators are a marketing expense.²² The FNPRM (§ 12) correctly assumes that BPP would "force" OSPs to "redirect" their marketing focus toward end users. However, the FNPRM's analysis ignores the necessary financial consequence of this change.

OSP's who are "forced" by BPP to market their services directly to end users would have to redirect a substantial portion of their commission expense "savings" to other marketing programs that are aimed more directly at consumers. The first and largest of these programs would be the marketing campaign needed to implement the "0+ equal access" process proposed by the FNPRM itself.²³ However, the FNPRM makes no allowance for any costs associated with the initial equal access process, or with any subsequent programs that OSPs would have to create in order to retain their existing customers and attract others.

²¹ Id.

²² AT&T's Private Payphone Commission Plan, supra.

²³ See FNPRM, §§ 65-67.

Even under the best of circumstances, such marketing programs would be expensive. During the period immediately preceding the introduction of BPP, the total industry OSP costs for a competitive "equal access" marketing campaign could well exceed \$250 million.²⁴ Thereafter, even if OSPs only "re-directed" about one-third of the projected annual commission expense reductions on ongoing advertising and marketing programs that are focused upon consumers, it would reduce BPP's benefits by \$150 million.²⁵ As a result, the net consumer benefits from the reduction in OSP commissions would range from a high of \$45 million to a low of *negative* \$87 million.²⁶ Thus, the maximum total interLATA consumer benefits of BPP would not exceed -- and may be substantially less than -- \$273 million, compared with the FNPRM's anticipated BPP costs of at least \$420 million.²⁷

²⁴ Such expenses should be viewed as a non-recurring cost of BPP for OSPs (see Part I.B. below).

²⁵ This estimate is conservative and could be substantially higher.

²⁶ See Attachment B.

²⁷ See Attachment C.

B. The Projected \$420 Million In Annual BPP Costs Is Significantly Understated.

The FNPRM's cost analysis (§ 20) estimates that LEC BPP implementation costs would be approximately \$1.1 billion and that LEC non-recurring costs would be about \$60 million. The FNPRM translates this into an amortized annual pre-separations cost of about \$380 million.²⁸ In addition, the FNPRM (§ 28) assumes IXC implementation costs of about \$120 million, which it translates into annual costs of approximately \$35 million. Thus, the FNPRM (§ 20) tentatively concludes that the annual costs for BPP will be approximately \$420 million. This estimate is unrealistically low, because it fails to take account of hundreds of millions of dollars in additional LEC and IXC expense.

Indeed, the FNPRM itself (id.) acknowledges that the LEC cost data on the record "are not as reliable as we would like." Given the history of BPP cost projections in this proceeding, the costs now on the record cannot be expected to reflect all of the actual costs that LECs would incur in connection with BPP. Between the time the 1992

²⁸ The FNPRM (§ 29) states that the record is unclear on the extent to which OSS7 costs should be recovered from BPP. However, the FNPRM (id.) notes that few parties have even asserted, much less demonstrated, that there are any uses for this technology other than BPP. Thus, the FNPRM correctly assumes that all OSS7 costs should be attributed to BPP.

comments were filed in response to the original NPRM and the present, the expected costs of the LECs listed in Attachment C to the FNPRM increased by about \$120 million.²⁹ Moreover, the FNPRM completely ignores over \$120 million in BPP cost estimates submitted by SNET and the Sprint LECs.³⁰

Furthermore, all of the current LEC cost estimates are based upon a very high-level conceptual design for BPP. AT&T's experience is that costs typically increase as detailed service designs are developed. As a result, any LEC cost projections prepared before the development of a detailed service design are likely to be too low.³¹ Thus,

²⁹ In particular, NYNEX' costs increased from \$64.7 million to \$129.4 million (net of amounts rejected in the FNPRM); GTE's cost estimates increased from \$84.0 million to \$112.4 million, and Pacific's costs increased from \$116.2 million to \$144.4 million.

³⁰ SNET 1992 Comments, p. 3; Sprint ex parte, October 1, 1993. These estimates are for non-recurring costs only and do not include these carriers' recurring costs for BPP.

³¹ It is not clear, for example, whether the network design of BPP will include the handling of operator services calls dialed on a 1+ basis, such as coin calls and quote services which require use of operator systems. These calls are currently handled on the same trunk groups as "0" dialed operator services, and they should continue to be included in the trunk groups that would be used to provide BPP. If the 1+ operator services of network-based OSPs were required to bear their network configuration costs on a stand-alone basis, they would become cost prohibitive, both for OSPs and consumers. Similarly, it is unclear how calls to Special Access Codes such as 500 and 700 numbers will be excluded (see Part III.C. below), or whether the costs of such exclusion are within the current BPP cost estimates.